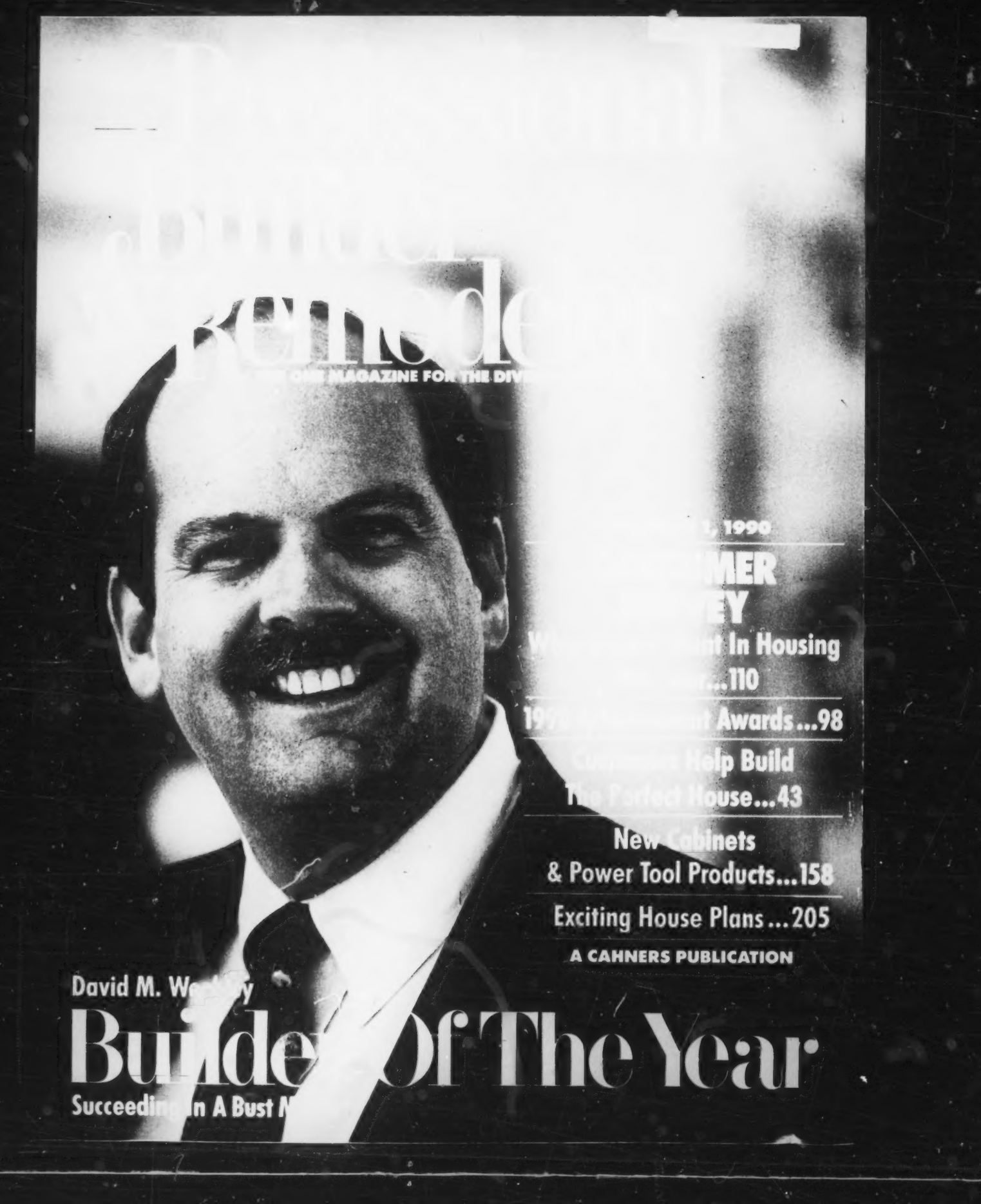
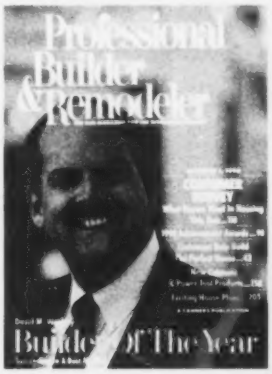

MAGAZINE FOR THE DIV
1990
MER
EY
t In Housing
...110
t Awards....98
Help Build
House...43
New Cabinets
& Power Tool Products...158
Exciting House Plans...205
A CAHNERS PUBLICATION
David M. W
Builde of The Year
Succeedi n A Bust M

Professional Builder & Remodeler

THE ONE MAGAZINE FOR THE DIVERSIFIED BUILDER




## On The Cover

■ David Weekley did not simply survive the Texas crash of the 1980s, he prospered. This year, his company is headed toward the $220 million sales mark. Story begins on page 92.

What new home buyers want in housing: p. 110.

## FEATURES

**The Builder Of The Year** 92

*Each year since 1966,* PB&R *has honored outstanding achievement and innovation in home building. This year, the preeminent award of the American housing industry goes to Texan David M. Weekley.*

**1990 Professional Achievement Awards** 98

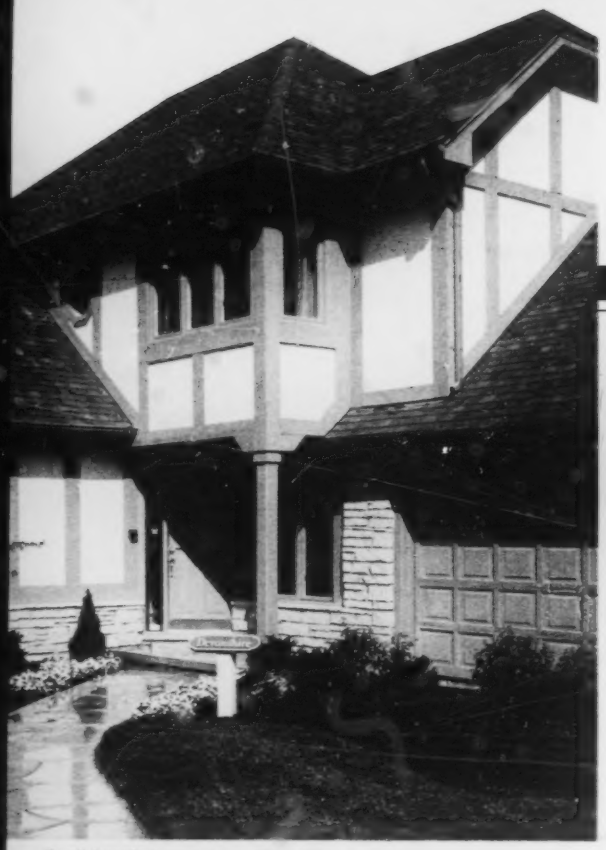
*This year, we recognize seven individuals for their success and contributions to the industry in the fields of affordable housing, technology, design and more.*

**Let America Build: Liability Reform** 106

*The increased liability threat has a low profile in the housing affordability crisis, but in some areas of the country, it can add as much as $3000 to the cost of a new home.*

**17th Annual Consumer Survey** 110

*This special 18-page report, run in conjunction with highly respected National Family Opinion Inc., highlights the results of our exclusive survey of potential homeowners and their design, marketing and product preferences.*



Careful market surveys pay off: p. 43.

New cabinet lines: p. 158.

## DEPARTMENTS

**Editorial:** Survival Tactics . . . 9
**Washington:** New Budget Hits Housing . . . 14
**Inside NAHB:** Summit On The Potomac, Part II . . . 18
**Inside Housing:** Managing New Employees . . . 24
**Accounting:** Data For Lenders . . . 30
**Real Estate Dynamics:** Workable Design Ideas . . . 38
**Advertising:** Agencies Pay Off . . . 48
**Product Showcase:** Cabinets . . . 158
**House Plans:** . . . 206
**Indicators:** The Economic Outlook . . . 229

### Business

■ As overseas investors eye worldwide economic changes, foreign investment levels are cooling, and shared equity deals are likely to supplant direct ownership: *p. 12*.

### Markets

■ The Inverness apartment project rented out entirely in two months, taking a waiting market in Houston by storm: *p. 23*.

### Management

■ Changing demographics indicate a shortage of labor for the construction industry during the 1990s. Some industry groups are trying to forestall a crisis: *p. 28*.

### Marketing

■ Using *PB&R*'s annual consumer survey as a guide, builder Marquette Properties developed its own market research before heading into a new arena: *p. 43*.

### Technology

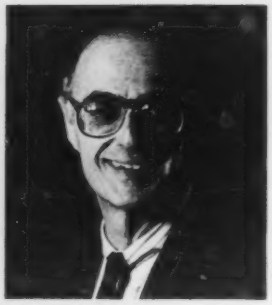
■ There's some prospect for reform of product liability laws, although there remain plenty of disincentives for developing new materials: *p. 155*.

### Next Issue

■ The NAHB Show is the spotlight of the January 1, 1991 issue of *PB&R*, which will feature a tour of top projects in Atlanta, the Best In American Living Awards, and a roundup of new products entering the market.

■ MONEY

# 1991 Looks Like A Classic Downturn & Recovery Year



By Allan G. Bortel, Chartered Financial Analyst, Vice President, Sutro & Co.

Most people would say that great uncertainty currently abounds in financial markets and in the economy. However, in the 25 years that I have spent on Wall Street, the current economic period, as well as the stock and bond markets have never looked more predictable.

The jump in energy prices and the Kuwait invasion actually make an economic downturn at this time more certain.

Stock and bond markets are reflecting higher inflation and economic uncertainty. Unemployment is rising as businesses are laying off workers in one industry after another. The Federal Reserve Board has not shown any sign of easing credit because the belief is that it is not warranted, given the low value of the dollar abroad. The notion is that foreigners would not deposit funds in our low-yielding deposits and securities if we lowered rates.

**The current economic period, as well as the stock and bond markets have never looked more predictable.**

However, it is hard to envision stimulating any greater net outflows of capital if rates are lowered. The dollar is already attractive where it really counts—in the product markets themselves. That is to say that U.S. goods, from agriculture to manufacturing and services, are already very attractive to the rest of the world, given the value of the dollar relative to foreign currencies.

Sticking our neck out in forecasting 1991 in the financial markets at this time of year is our job. As such, it is our belief that these markets ought to be putting in a good performance during the coming year, partly based on an easing by the Fed. Both the stock and bond markets ought to begin to reflect investors' expectations that economic activity will bottom out and begin to turn, certainly in time for the Fall 1992 elections.

Housing ought to follow its usual pattern of increased activity as interest rates go down. Both existing and new construction markets ought to turn around when enough people believe they won't lose their jobs and as interest rates decline to the single-digit level for a fixed rate, 30-year loan. Potential home buyers with relatively stable jobs in industries such as government, food and health services, ought to be the first ones to step up as home buyers.

The mortgage market will respond to lower rates in the bond market because of the influence of mortgage backed securities and investors who stitch between long-term bonds and mortgage paper.

In fact, the U.S. bond market is not the dominant factor determining mortgage rates, because bond rates are a function of what is going on in the world economy.

## Rise In Housing Costs Slow As Year Winds Down

The steady upward spiral of the net cost of housing in the United States has slowed considerably during 1990, according to projections from Chicago Title & Trust Co.

John Pfister, CT&T vice president for market research, says that costs will rise a modest 2.5%. This compares with annual jumps of 4.7% in 1987, 10.3% in 1988 and 5.8% last year.

Pfister points out that while net housing costs will rise in most major metropolitan markets, the rate of increase has slowed considerably. In the Northeast, housing prices have remained stagnant and have begun to drop in some areas.

Pfister says the report also reveals a common misconception among home buyers that lower interest rates automatically mean lower housing costs. He points out that when interest rates drop, housing costs rise.

Shown here are projections nationally as well as in four selected markets—one in each region of the country. □

**Net Housing Costs**
**(*Estimated data)**

| | 1988 | 1989 | 1990* |
|---|---|---|---|
| U.S. | +10.3% | +5.8% | +2.5% |
| Baltimore | +15.1% | +10.0% | +3.5% |
| Chicago | +10.2% | +9.5% | +3.5% |
| L.A. | +15.8% | +22.1% | +7.5% |
| Miami | +6.2% | +5.7% | +1.8% |

Sources: Chicago Title Insurance Co., National Association of Realtors, Federal Home Loan Bank Board.

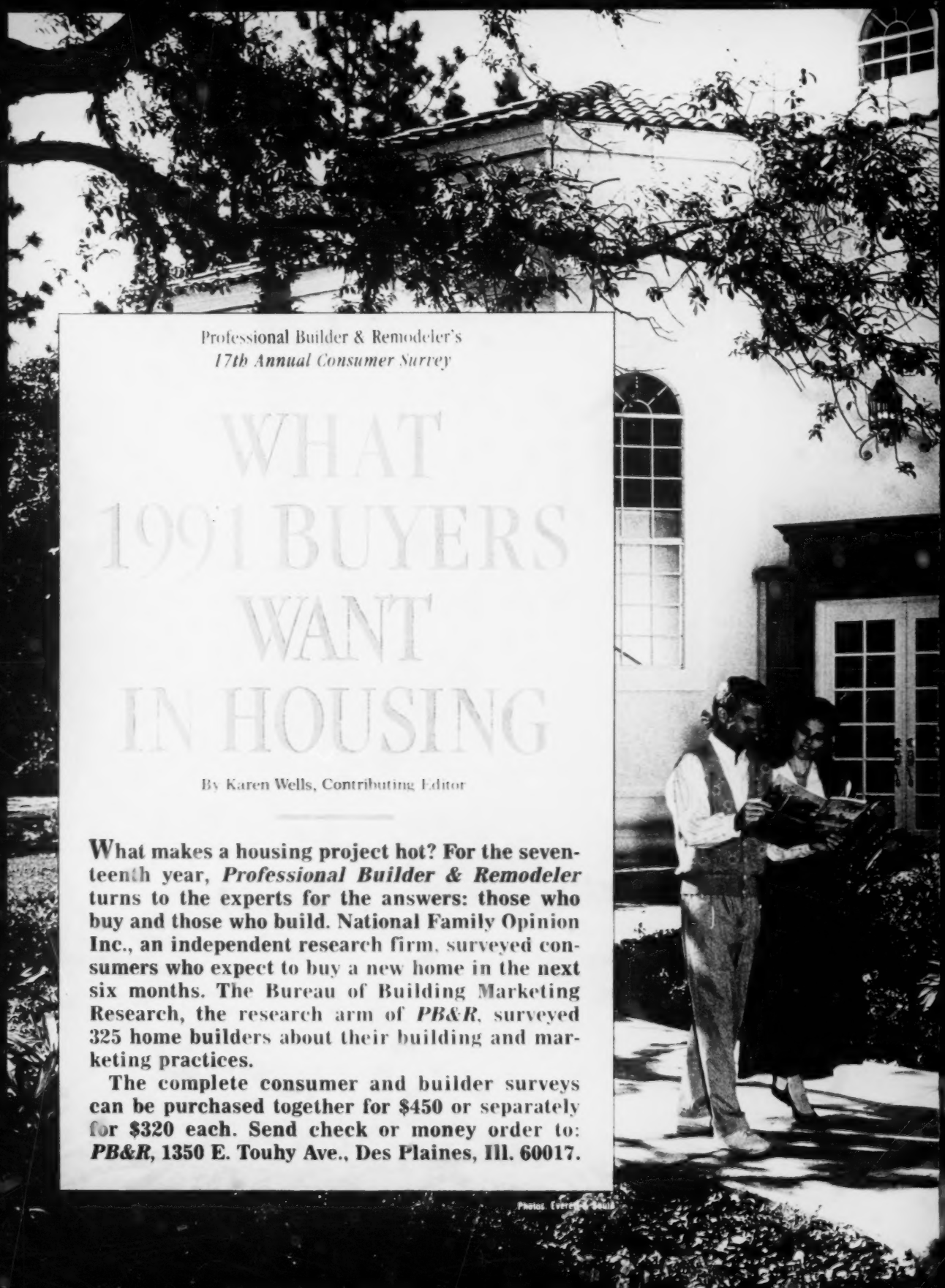
Professional Builder & Remodeler's
*17th Annual Consumer Survey*

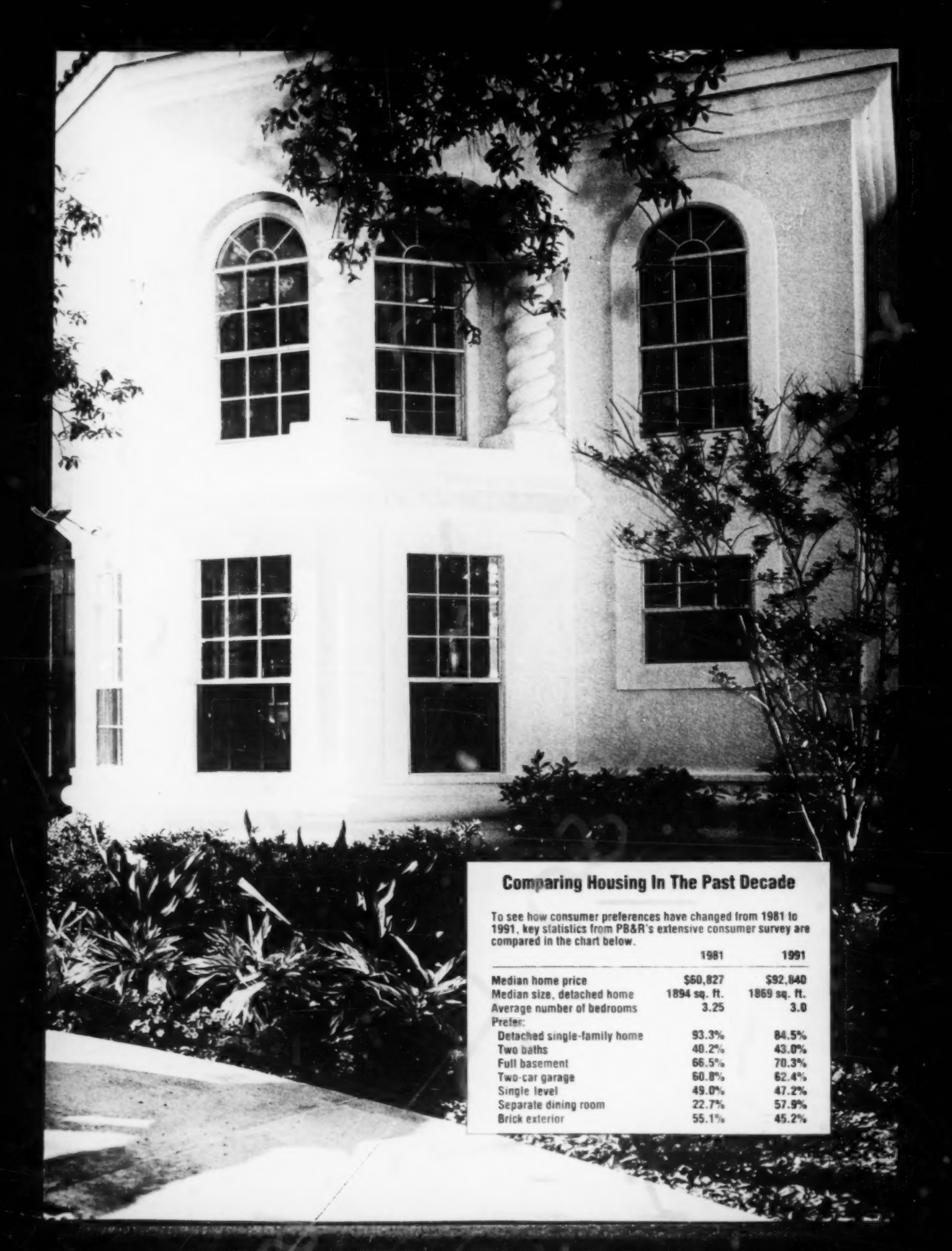
# WHAT 1991 BUYERS WANT IN HOUSING

By Karen Wells, Contributing Editor

**What makes a housing project hot? For the seventeenth year, *Professional Builder & Remodeler* turns to the experts for the answers: those who buy and those who build. National Family Opinion Inc., an independent research firm, surveyed consumers who expect to buy a new home in the next six months. The Bureau of Building Marketing Research, the research arm of *PB&R*, surveyed 325 home builders about their building and marketing practices.**

**The complete consumer and builder surveys can be purchased together for $450 or separately for $320 each. Send check or money order to: *PB&R*, 1350 E. Touhy Ave., Des Plaines, Ill. 60017.**





## Comparing Housing In The Past Decade

To see how consumer preferences have changed from 1981 to 1991, key statistics from PB&R's extensive consumer survey are compared in the chart below.

| | 1981 | 1991 |
|---|---|---|
| Median home price | $60,827 | $92,040 |
| Median size, detached home | 1894 sq. ft. | 1869 sq. ft. |
| Average number of bedrooms | 3.25 | 3.0 |
| Prefer: | | |
| Detached single-family home | 93.3% | 84.5% |
| Two baths | 40.2% | 43.0% |
| Full basement | 66.5% | 70.3% |
| Two-car garage | 60.8% | 62.4% |
| Single level | 49.0% | 47.2% |
| Separate dining room | 22.7% | 57.9% |
| Brick exterior | 55.1% | 45.2% |

# MONEY & MOTIVATION

Seventy-eight percent of all consumers want the government to help first-time buyers achieve the dream of home ownership.

Motivating home buyers is both an art and a science. It has always been a challenge to determine what home buyers want and why they want it, and then be able to devise a product that will fit the parameters of what they can afford.

To be successful today, a builder needs to go beyond simply determining *what* buyers are looking for in a home as far as residential design and products are concerned.

Builders need to fully comprehend *why* potential customers want to buy—for investment purposes? for family reasons? for prestige?—and to what extent they will strive to obtain a home that meets those needs.

For those homeowners who don't want to move, builders have a golden opportunity to improve existing homes. To tap into the burgeoning remodeling market, builders not only need to fully understanding the reasons why homeowners want to stay put, but how that decision affects their lifestyle and the design choices they'll make for their homes.

As the detailed charts indicate on the following pages, the question of affordability plays a key role in motivating home buyers. The single largest obstacle in purchasing a home continues to be the high price tag.

How much can buyers afford? Their expectations of what a new home will cost has increased substantially in the past 10 years, but it is still not enough to meet the reality of what they'll confront in the marketplace. Buyers now expect to pay an average of $125,427, up an average of $4000 from last year. In 1981, they expected to pay an average of $75,920.

However, the fact that home prices vary significantly by geographic region notwithstanding, the average price of builders' best-selling models is now $193,633—displaying a significant price gap (roughly $70,000) from what buyers expect to pay in the new home market. □

## Great Expectations

**The size of house that buyers expect for their money doesn't always match up to what they'll find in the marketplace. The chart below compares what consumers expect in size to builders actual best-selling models by price range.**

| | |
|---|---|
| **Less than $85,000** | |
| Consumers expect: | 1557 sq. ft. |
| Builders best model: | — |
| **$85,000 to $99,999** | |
| Consumers expect: | 1815 sq. ft. |
| Builders best model: | 1598 sq. ft. |
| **$100,000 to $149,999** | |
| Consumers expect: | 2005 sq. ft. |
| Builders best model: | 1973 sq. ft. |
| **$150,000 to $199,999** | |
| Consumers expect: | 2316 sq. ft. |
| Builders best model: | 2388 sq. ft. |
| **$200,000 to $300,000** | |
| Consumers expect: | 2404 sq. ft. |
| Builders best model: | 2699 sq. ft. |
| **More than $300,000** | |
| Consumers expect: | 2887 sq. ft. |
| Builders best model: | — |

## First Aid For First Timers

**Seventy-eight percent of buyers say that the government should provide some type of financial aid for first-time buyers. The most popular plans are those that minimize down payments and monthly payments.**

| Should the government aid first-time buyers? | All consumers |
|---|---|
| Yes, encourage plans with low down payments | 21.5% |
| Yes, offer plans that keep monthly payments lower | 21.3% |
| Yes, subsidize mortgage interest rates | 14.2% |
| Yes, provide tax savings for down payment | 12.2% |
| Yes, help builders provide more affordable housing | 8.8% |
| No | 22.0% |

## Financial Considerations Rate High

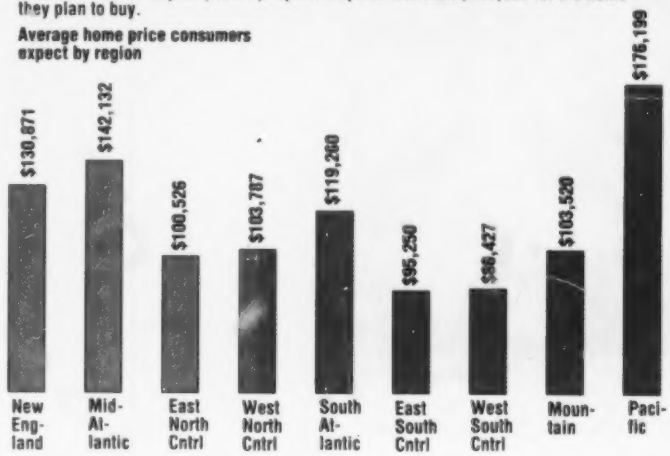
In selecting a home, consumers must weigh many considerations. But by and far, the price tag of the home and the ability to afford it outweigh all other considerations.

| Factors in selecting a home | All consumers |
|---|---|
| Price/affordability | 70.1% |
| Size | 48.4% |
| Investment/appreciation | 41.5% |
| Style and appearance | 29.8% |
| Size of yard and lot | 27.1% |
| Quality of schools | 25.8% |
| Proximity to work | 23.3% |
| Builder reputation | 20.3% |
| Warranties | 17.2% |
| Close to shopping | 10.6% |
| Prestigious neighborhood | 9.8% |
| Known brand names used | 7.8% |
| Near public transportation | 6.5% |

## Price Ranges Vary Coast To Coast

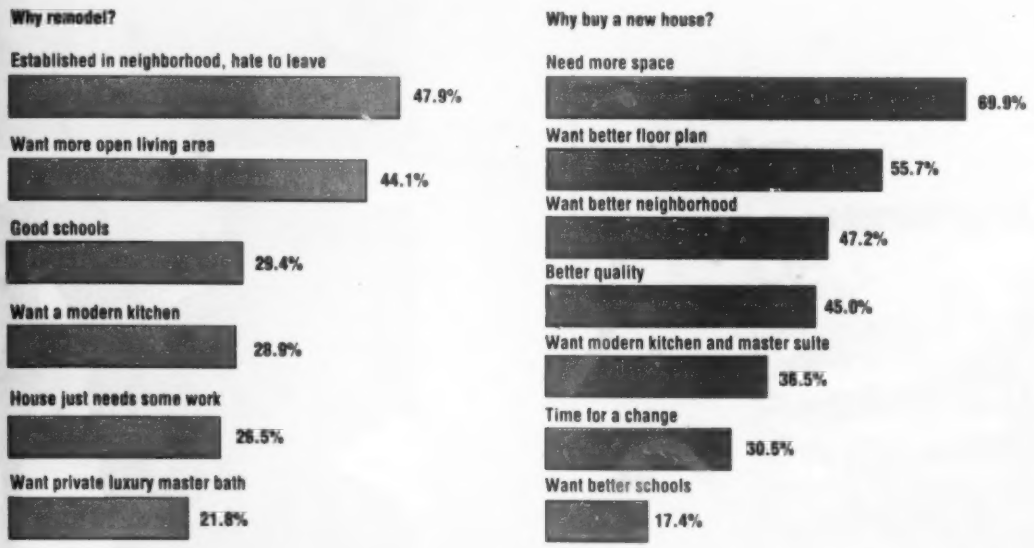
How much consumers spend on housing is dependent largely on where they buy their homes. The average cost of a home varies greatly by region as shown below. Overall, more than half of buyers (56.6%) expect to spend less than $100,000 for the home they plan to buy.

Average home price consumers expect by region




## Remodeling Provides Builder Opportunities

Consumers were asked what motivated them to improve their existing house or move up to a new home, if the cost was equal. Location is the prime factor in remodeling. The need for more space urges owners to look elsewhere.



Fifty-three percent of detached builders focus new-home advertising on financing. The same percentage of attached builders focus on price.

## Greatest Obstacles To Home Buyers

Affordability poses the biggest barrier to purchasing a new home for many buyers, from price tags to financing.

Obstacles to overcome

| | |
|---|---|
| High cost of home | 38.4% |
| Can't get the house I want for the money | 25.2% |
| High cost of financing | 24.7% |
| Raising the down payment | 9.7% |

## Buy A Home Now

Decreased mortgage interest rates and finding affordable monthly payments are the two most important factors consumer say would encourage them to buy a home now, among all buyer types, price ranges and regions.

| Reasons to buy now | Consumers |
|---|---|
| Decrease in mortgage rates | 61.1% |
| Affordable monthly payments | 60.5% |
| Receiving an inheritance | 33.7% |
| Less expensive housing available | 33.0% |
| Guarantee on home quality | 26.8% |
| Drastic change in lifestyle | 24.6% |
| Tax reform | 22.5% |

## A Matter Of Price

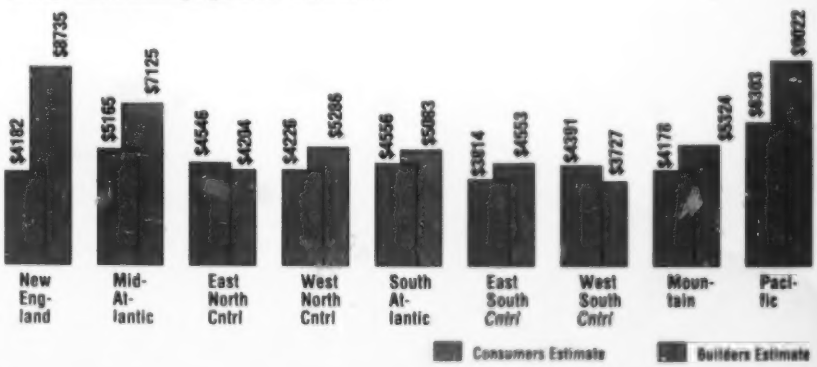
When consumers say it's time to buy, they care primarily about the cost of the house, not the down payment. To the majority of retirees and empty-nest buyers, price mattered most. However, the monthly payment is a serious concern to first timers and move-up buyers

| Most important buying decisions | Consumers |
|---|---|
| Price of house | 55.0% |
| Monthly payment | 39.2% |
| Mortgage interest rate | 18.4% |
| Other concerns | 14.2% |
| Down payment | 8.5% |

## High Cost Of Regulations

Both builders and buyers agree that building regulations greatly increase the cost of new homes, although consumers generally seem to underestimate just how much it costs. And the cost of regulations vary greatly from state to state.

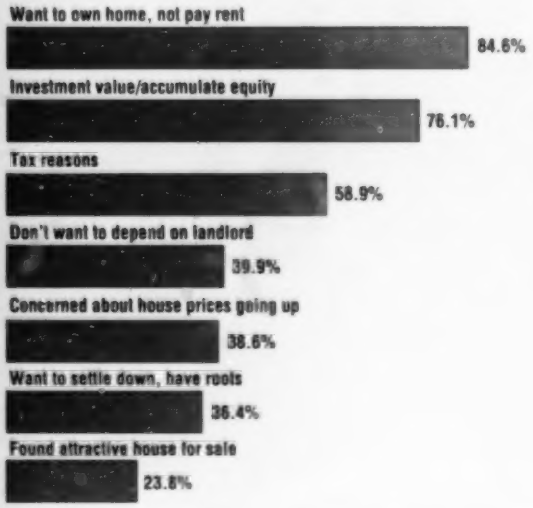
Average cost of building regulations on new homes



## I'd Rather Buy Than Rent

Home ownership has many financial advantages that provide much motivation in jumping from paying rent to buying a home. The value of owning one's home and its inherent investment value are important angles in transforming renters into buyers.

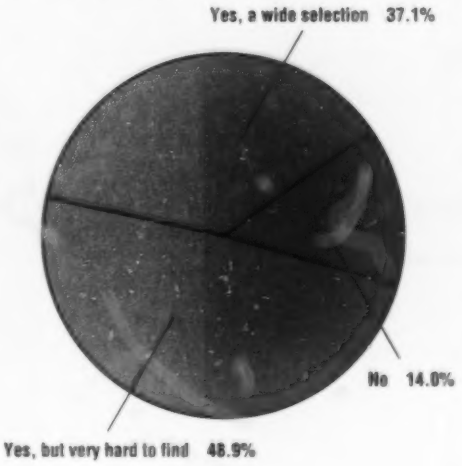
**Reasons to buy rather than rent**




## Where Have All The Houses Gone?

While many consumers are prospective home buyers or move ups, almost half report that affordable for-sale housing is hard to find in their location.

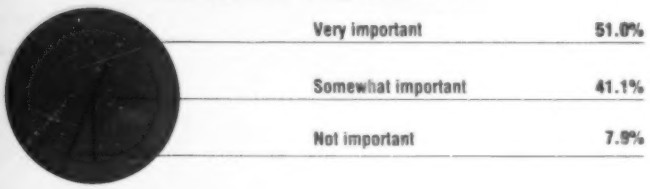
**Is affordable housing available in your area?**



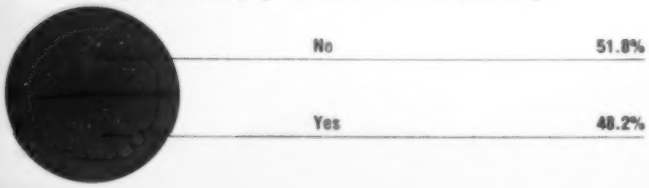

## Warranties Provide Customer Assurance

An insured warranty is an important consideration in the buying decision. More than half of all types of buyers would not even consider buying a home without such a document supporting builders' claims

**How important is an insured warranty?**




**Would you consider buying a home without an insured warranty?**




## Buyers Want Bigger And Better

The desire for larger, more luxurious and efficient use of space activates many homeowners to move up in the housing market. The same reasons could motivate many to remodel.

| What would make you consider moving? | All consumers |
|---|---|
| More space in house | 68.0% |
| More volume spaces | 35.4% |
| Master retreat | 22.8% |
| Bigger garage | 20.4% |
| Energy efficiency | 18.6% |
| Modern kitchen | 16.8% |
| Multiple use of space | 14.7% |
| More open floor plan | 14.7% |
| Romantic master bath | 7.7% |
| Dramatic use of glass | 3.5% |

# DESIGN

Attached housing is becoming more acceptable to buyers of the '90s. In 1981, 93.3% of buyers wanted detached homes. In 1991, only 84.5% prefer it.

Good residential design is a marketing tool. *Great design*, however, is the element that really sells homes. Where is the fine line between the two?

Many answers appear on these and following pages. Truly understanding consumer preferences can make a critical difference in what you build and how you market those homes, potentially turning everything you produce into a best seller.

Becoming a master of design is a matter of mastering the fine art of making choices, not just in what looks appealing, but in how buyers live. What's more, it requires tailoring your housing product into a perfect fit for your market.

It's all a matter of options: Enlarge the home, eliminate wasted spaces, expand the amenities menu, open it up visually, make the living areas more intimate—jazz it up.

In general, consumers say they want a detached home with more informal living space, lots of storage and excitement. When asked what they disliked about their present home, a "lack of excitement" was the complaint that was mentioned most often.

Many builders are already addressing the design challenges of the 1990s. For example, about 70% of builders we surveyed this year reported using improved interior space planning as a special design and marketing technique.

Of course, preferences in design are affected significantly by the buyer type and the geographic region a builder is operating in. The complete consumer survey, available for purchase, includes detailed statistical breakdowns by buyer age, region, income, price range and buyer type (in other words, first timers, move ups, empty nesters and retirees).

Your housing product must be adapted to the changing demands and desires of your target market in your location—and, of course, changing competition. □

## Space Planning

**If buyers could enlarge any three areas in the house, they would select the kitchen, family areas and storage. These areas were consistently selected among all buyer types from first-timers to retirees.**

| Areas consumers would enlarge | All consumers |
|---|---|
| **Living areas** | |
| Family room | 42.5% |
| Living room | 26.2% |
| Dining room | 10.9% |
| Bonus room | 8.3% |
| **Kitchen** | |
| Meal preparation area | 49.9% |
| Eating area | 28.1% |
| **Master suite** | |
| Closet | 39.6% |
| Bathing area | 20.0% |
| Sleeping space | 14.3% |
| Sitting room | 10.7% |
| **Other** | |
| Office/hobby room | 22.6% |
| Secondary bedrooms | 16.6% |
| Secondary bathrooms | 6.5% |

## Houses Change To Meet Buyers' Demands

**In examining how their best-selling model homes have changed in the past few years, builders report an increase in size particularly in the kitchen, master suite and master bath.**

| Size increasing | Builders |
|---|---|
| Master bath | 68.7% |
| Master suite | 62.7% |
| Kitchen | 54.7% |
| Total house | 48.1% |
| **Size decreasing** | |
| Formal living room | 42.4% |
| **Staying the same** | |
| Dining room | 55.6% |
| Family room | 50.3% |

## Lifestyle Appeals To Attached Buyers

In the past decade, buyers choose attached homes or condominiums for the same reasons. The two biggest drawing cards, buyers of attached homes say, are less home maintenance and available recreational facilities.

| Reasons for choosing attached | Consumers |
|---|---|
| Less home maintenance | 58.3% |
| Recreational features | 33.6% |
| Best way to buy first home | 23.1% |
| Sense of neighborhood | 23.1% |
| More house for the money | 20.8% |
| Desired location | 17.6% |
| Affordability | 17.3% |
| Increased prestige | 4.9% |
| Cluster lifestyle | 2.3% |

## Design Features Make Attached Attractive

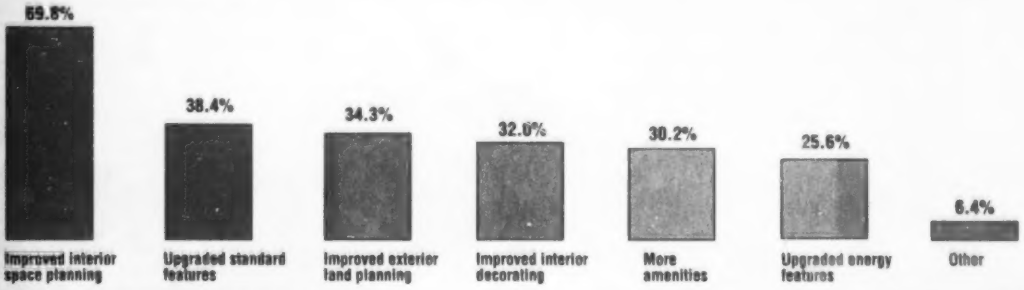
In wooing detached buyers to an attached market, builders must cater to specific features that make attached homes more acceptable and attractive. The two most requested features focus on privacy.

| Features that make attached more acceptable | Consumers |
|---|---|
| Privacy at rear of unit | 31.6% |
| Sound control to exclude noise | 26.6% |
| Sense of neighborhood | 23.3% |
| Energy-saving features | 23.0% |
| Situated in planned community | 17.2% |
| Maintenance included in price | 15.1% |
| Recreational facilities | 13.0% |
| Units side-by-side | 10.4% |
| Common open space | 10.1% |
| Proven security system | 9.5% |

## Design Strategies Lure Buyers

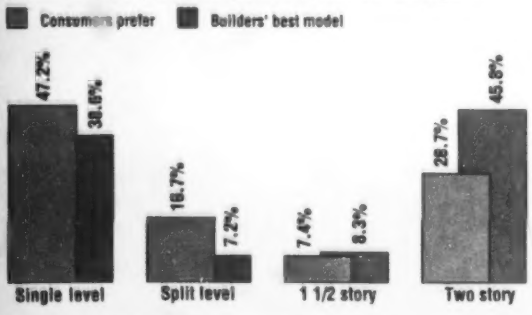
In an effort to maintain marketing appeal where the size of the house or lot has decreased, many builders report using innovative design features to add excitement and livability.

Special design techniques used




## Single Level Or More?

Since 1975, consumers surveyed have indicated that they prefer single-level homes. But builders say that two-story homes are their most popular detached models. Geographically, two-story homes are more popular in New England, mid-Atlantic and South Atlantic regions.




## Back Up Your Energy And Quality Claims

When it comes to energy features and the overall quality of construction, buyers want builders to back up their claims with a written guarantee or warranty.

| How consumers determine credibility: | Energy | Quality |
|---|---|---|
| Ask for guarantee/warranty | 65.6% | 69.0% |
| Visual inspection | 58.1% | 76.9% |
| Ask for literature | 53.3% | 38.8% |
| Look for brand names | 44.8% | 31.8% |
| Ask others who bought from builder | 40.9% | 57.3% |
| Comparison to other homes | 37.9% | 54.9% |
| Get independent evaluation | 37.9% | 54.9% |
| Take builder's word for it | 14.8% | 14.0% |
| Not concerned | 2.9% | 1.8% |

Storage is an important design element. A walk-in closet in the master suite is preferred by 84% of 1991 buyers, up from 65% in 1981.

## Homes Average Three Bedrooms

While both detached and attached homes average three bedrooms, more than 80% of attached buyers want two or three bedrooms and detached buyers want three or four bedrooms, as indicated below.

| Preferred number of bedrooms in home | Detached buyers | Attached buyers |
|---|---|---|
| One bedroom | — | 1.6% |
| Two bedrooms | 11.2% | 47.6% |
| Three bedrooms | 53.5% | 41.9% |
| Four bedrooms | 31.1% | 5.6% |
| Five or more bedrooms | 4.2% | 3.3% |

## Multiple Uses For Extra Bedrooms

Extra bedrooms don't just lie empty. Buyers report a myriad of uses. Many of the rooms serve multiple purposes. Builders should take advantage by marketing these secondary bedrooms as functional specialty spaces.

| What you would use extra bedrooms for | Consumers |
|---|---|
| Guest bedroom | 62.2% |
| Den/library/office | 58.1% |
| Hobby/sewing room | 27.5% |
| Computer room | 13.6% |
| Exercise room | 11.9% |
| Storage | 7.5% |
| Master bedroom retreat | 3.5% |
| Other | 2.5% |

## The Bathroom Is A Marketing Space

Consumers are particular when it comes to having enough bathrooms. Most buyers prefer having at least two—and the statistics haven't changed at all in the past decade. Of course, the higher the home price range, the more bathrooms preferred.

| Number of bathrooms preferred in the home | Detached buyers | Attached buyers |
|---|---|---|
| One bathroom | 3.5% | 7.3% |
| One-and-a-half bathrooms | 15.3% | 21.8% |
| Two bathrooms | 42.2% | 47.6% |
| Two-and-a-half bathrooms | 28.6% | 16.1% |
| Three or more | 10.4% | 7.2% |

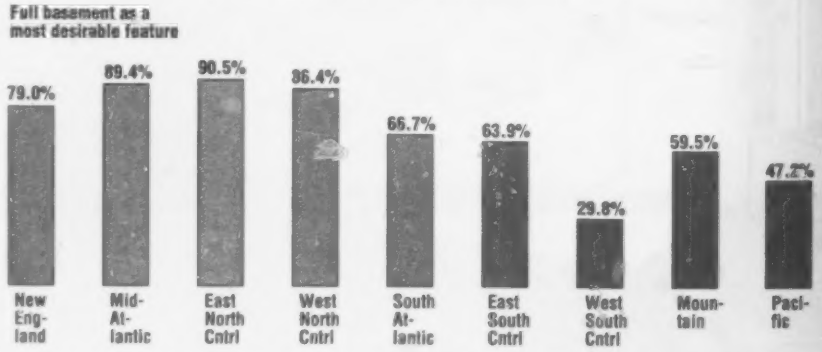
## Give It Marketing Appeal

The master suite has become a luxury retreat, including a private bath with design excitement and plenty of room for pampering. The master bath is an integral part of the suite and a great way to merchandise homes.

| Most important elements of the master bedroom | Consumers |
|---|---|
| Walk-in closet | 84.3% |
| Private bath | 79.5% |
| Separation from other bedrooms | 61.3% |
| Dressing and make-up area | 35.6% |
| Sitting area | 18.9% |
| Balcony or patio | 18.5% |
| Fireplace | 11.9% |
| None | 3.7% |

## Basement Preferences Vary By Region

While the full basement is a necessity in some regions, it is only a luxury in others. Overall, 78.4% of buyers of detached homes prefer a full basement. Geographic preferences among consumers are shown.



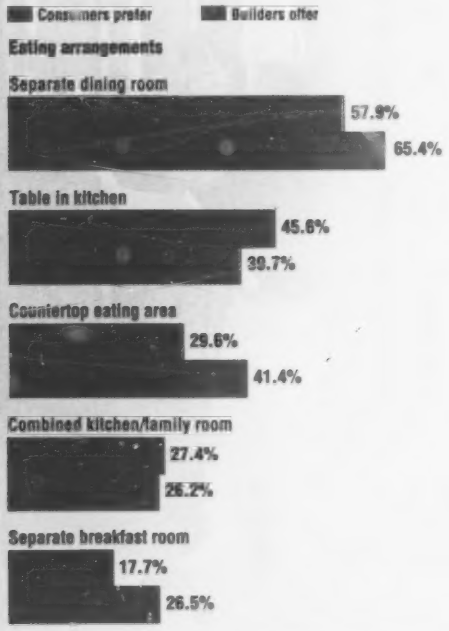
## Traditional Architecture Is Still A Favorite

Traditional styling continues to be preferred by consumers overall. Colonial styling has a strong pull in New England and mid-Atlantic regions. Contemporary has a slight edge over traditional among consumers in the Mountain and Pacific states.

| Architectural style | Consumers prefer | Builders best model |
|---|---|---|
| Traditional | 37.4% | 57.8% |
| Contemporary | 27.7% | 16.9% |
| Colonial | 14.4% | 16.0% |
| Victorian | 8.3% | 1.9% |
| Other | 7.6% | 3.2% |
| Spanish | 4.6% | 4.2% |

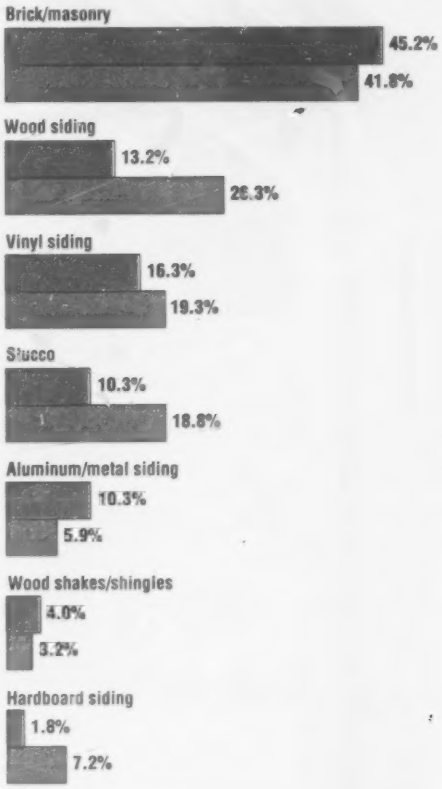
## Dining Elegance And Convenience

Most consumers in both detached and attached homes prefer having a separate dining room in addition to a variety of informal eating arrangements. Having room in the kitchen for a table and chairs is strongly preferred by consumers.




## Brick Exteriors Still Preferred

Overall, a brick exterior is the preferred exterior finish for both detached and attached homes. Only two regions differ in taste: wood siding is preferred in New England, stucco in Pacific states.




## Most Buyers Want Two-Car Garage

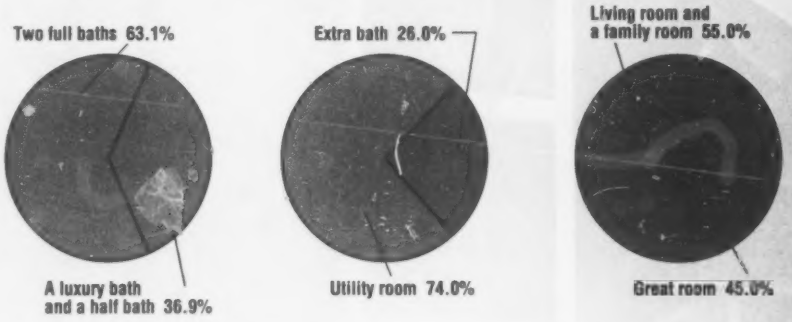
Among buyers of both attached and detached homes in every region, a two-car garage is a clear favorite. In homes more than $300,000, 45.7% of buyers expect at least a three-car garage.

| Preferred garage facilities | Detached buyers | Attached buyers |
|---|---|---|
| One-car garage | 9.3% | 18.9% |
| One-and-a-half-car garage | 5.3% | 9.8% |
| Two-car garage | 66.2% | 41.0% |
| Three-or-more-car garage | 12.4% | 4.9% |
| Carport | 4.0% | 9.8% |

Nearly 80% of buyers of homes exceeding $200,000 in price expect a separate dining room as standard.

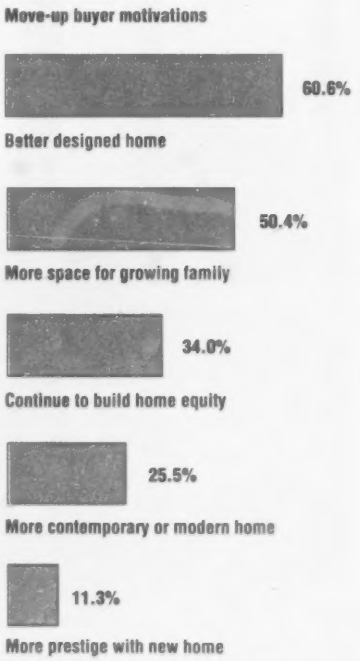
## Trade-Offs Show Buyer Preferences

When limited by square footage, buyers must make a choice of what rooms or spaces are more important to their lifestyle and functions as a family. Consumers were asked which room they would prefer in each pair, if they had to choose. Preferences were consistent among all buyer types with the exception of empty nesters showing preference for a great room.


Two full baths 63.1%
A luxury bath and a half bath 36.9%
Extra bath 26.0%
Utility room 74.0%
Living room and a family room 55.0%
Great room 45.0%

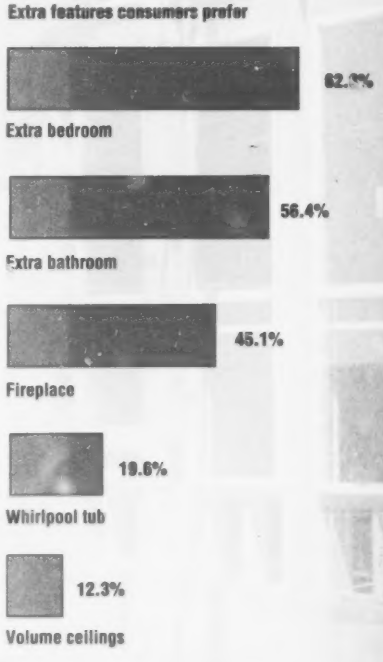
## What Move-Ups Want In A New House

Across the board, move-up buyers are motivated to purchase a new home by their desire for a better designed home and more space for their growing family.




## More Space Is A Big Plus

When asked which extra features home buyers prefer, consumers indicate that extra space is more important than amenities, among all buyer types and among detached and attached buyers.



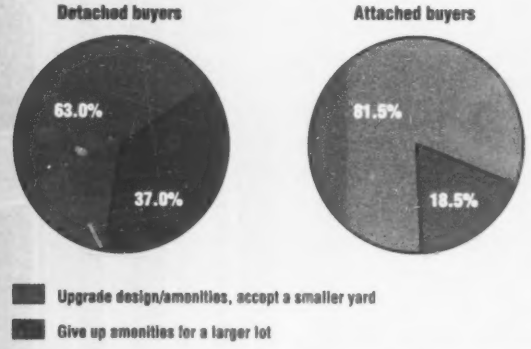
## Room To Roam

Lot size is an important consideration to home buyers. More than half of builders provide a lot with a half-acre or more for the detached homes they sell. Preferred lots for attached homes include a private patio or just common open space.

| Lot size with builders' best-selling model | Detached homes | Attached homes |
|---|---|---|
| Half-acre or more | 50.5% | 4.5% |
| Narrow front, deep rear yard | 33.9% | 9.1% |
| Minimum yard with private court | 10.4% | 40.9% |
| Common open space, no private yard | 1.1% | 45.5% |
| Narrow frontage, deep front yard | 4.1% | — |

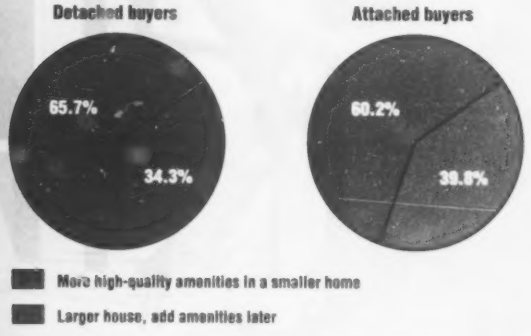
## Buyers Elect Amenities Over Land

If home buyers had to choose between the size of their yard and upgraded amenities, the majority of detached and attached home buyers prefer to have the amenities and a smaller yard.




## Buyers Disagree On Size Vs. Amenities

When it comes to a choice between the size of the home and amenities, detachedand attached buyers disagree, as shown in the charts below. Among buyer types, first-time buyers and move-up buyers prefer the larger home, while empty nesters and retirees want high-quality amenities in a smaller home.



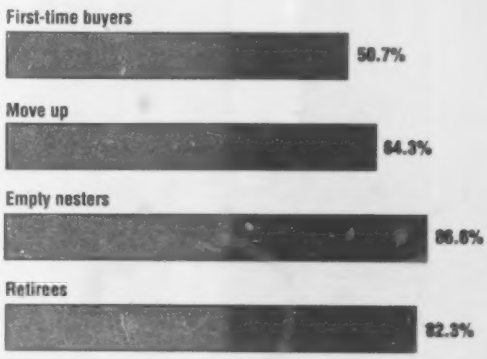

## Most Desirable Design Elements

Buyers indicated which of the following design elements were most desirable in a new home, given the price range and size range in which they were looking. Storage ranks number one.

| Design elements | Consumers prefer | Builders offer std. |
|---|---|---|
| Linen closet | 85.4% | — |
| Garage storage space | 78.3% | 13.7% |
| Pantry | 71.7% | — |
| Patio | 71.2% | 63.7% |
| Two closets in master suite | 69.6% | — |
| Porch | 68.3% | 56.1% |
| Family entertainment space | 68.2% | — |
| Covered entries | 64.2% | 56.1% |
| Multipurpose rooms | 60.3% | — |
| Larger master bath | 47.6% | — |
| Home office space/hobby room | 45.0% | 26.3% |
| Raised, flat ceilings | 40.5% | 41.3% |
| Built-in furniture | 37.5% | 13.7% |
| Cathedral or vaulted ceilings | 37.4% | 64.8% |
| Formal entertaining space | 35.8% | — |
| Home entertainment center | 33.9% | 10.3% |
| Sun room | 32.7% | 9.8% |
| Full-time home office | 32.5% | — |
| Dramatic window treatments | 25.5% | 28.8% |
| Interior plant shelves | 24.6% | — |
| In-law suite | 23.0% | — |
| Garden bathroom | 20.5% | 7.5% |
| Interior lofts and balconies | 20.0% | 19.6% |
| Home fitness center | 17.6% | 1.7% |

## First-Floor Master Suite Is Tops

Among all buyer types, as indicated below, most consumers prefer having the master suite located on the first floor. The desire for a first-floor master suite generally goes up as the age of the homeowner increases.



# PRESENTATION

Sixty percent of builders of attached housing use model homes—however, only 38% of detached builders use them.

If you are building and marketing homes the way you did five or 10 years ago, your business may be merely surviving when it could be thriving.

Today's exceedingly tough markets require more than building and marketing by the seat-of-your-pants and hoping for the best. To maximize market impact and the bottom line, builders need careful planning and management in every facet of their operation. Every employee should have his or her eye on a common goal: to transform the American dream of home ownership into a contract.

The key to an effective presentation or marketing strategy is to approach it in a professional manner. Don't just focus on your company's strengths—eliminate your weaknesses. Spend your marketing money and place your employees' efforts where they will count most.

For example, an expensive sales center is a total waste of money if the sales staffers inside are turning off buyers. But according to our survey, that's just what is happening in far too many new home developments these days.

Here is some alarming data: Among those consumers who visited a new model home in the past six months, an astonishing two-thirds of these prospects were totally turned-off by the selling techniques used there, while more than half were turned-off by the attitude or approach of the sales staff.

But don't just examine your own marketing techniques, beware of the competition. Are the interiors of your homes generally furnished? More than 80% of builders in New England say no, but the same percentage in the South Atlantic region and Pacific Coast wouldn't try selling without furnished models. And more than 80% of all builders say that their best-selling models were fully landscaped.

Any fine chef will tell you: it's not just what is served, it's how it is presented. □

## Importance Of Interior Decorating

Most builders furnish the interiors of their model homes to help influence a consumer's decision to buy. Builders indicate that these models are furnished and decorated for an average of $21,696 per home.

Do you furnish your model home?

## Landscaping Increases Curb Appeal

Builders recognize the importance of curb appeal in selling model homes. Most fully landscape their homes as a marketing tool, spending an average of $6837 per home, slightly more for detached homes. Many builders also add exterior options.

| Exterior finishing | Builders' best models |
|---|---|
| Fully landscaped | 82.1% |
| Optional patios/decks installed | 36.4% |
| Fencing installed | 21.4% |
| Optional pools/fountains | 9.3% |
| Lawn only | 8.6% |
| No exterior work finished | 5.7% |

## Make A Great First Impression

First impressions are lasting ones. Consumers who have visited a new model house in the past six months indicate that an open floor plan and the kitchen are the two key elements that affect their impression of the entire house.

| What affects your impression of the entire house? | All consumers |
|---|---|
| Open floor plan | 37.9% |
| Kitchen | 34.0% |
| Master bedroom | 10.5% |
| Living room | 6.7% |
| Family room | 6.5% |
| Entry | 5.2% |
| Master bath | 2.9% |
| Volume ceilings | 2.3% |
| Other | 6.7% |

## What Sells A Model Home?

**Model home presentations should be focused on turning consumers into buyers. The following list indicates which marketing tools encourage buyers and which turn off buyers. Shown are elements that more than half of buyers liked or disliked in the model presentation.**

| Turned on buyers | |
|---|---|
| Condition of the model | 82.7% |
| Size of home | 80.1% |
| Model decorating | 70.1% |
| Workmanship of the home | 66.9% |
| Condition of sales office | 55.0% |

| Turned off buyers | |
|---|---|
| Selling tactics | 65.3% |
| Attitude/approach of sales staff | 57.2% |
| Cost of home | 55.4% |

## Information Sources Are Vital Links

**In searching for a new home, consumers depend most heavily on real estate brokers and newspapers or classified advertising. Another significant element is word-of-mouth from friends.**

| Information sources for new homes | All consumers |
|---|---|
| Real estate broker | 63.5% |
| Newspaper or classified ads | 57.3% |
| Advice from friends | 29.6% |
| Billboards/for-sale signs | 21.5% |
| Parade of homes | 15.1% |
| Direct mail from builders | 5.8% |
| Cable TV | 1.9% |
| TV ads | 1.5% |
| Radio ads | 0.4% |

## Sales Staff: Friends or Foes?

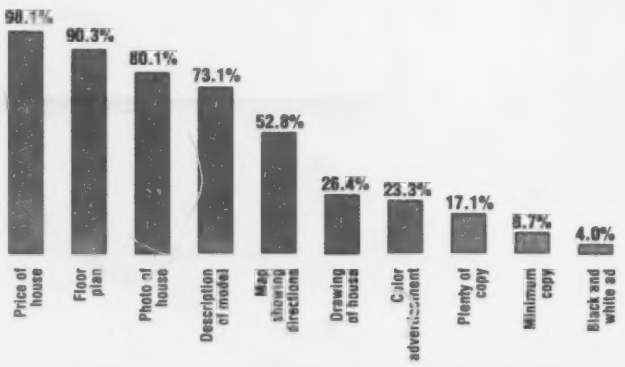
**As indicated in the chart at left, many buyers are turned off by the selling tactics, attitude or approach of the sales staff at model homes. How good does your staff rate? The consumer answers below may help revitalize your sales presentations.**

| Did the sales staff: | Most | Some | Few |
|---|---|---|---|
| • Present the basic advantages of the home and the community? | 48.0% | 40.2% | 11.8% |
| • Point out hidden values of the home? | 40.5% | 40.3% | 19.2% |
| • Point out benefits that the competition doesn't offer without demeaning them? | 21.4% | 45.5% | 33.1% |
| • Treat me like a person, with professionalism and honesty? | 39.8% | 42.5% | 17.7% |
| • Use too much pressure, too pushy? | 17.7% | 46.6% | 35.7% |
| • Were not interested in me as a customer? | 15.6% | 42.1% | 42.3% |
| • Were not knowledgeable about the homes? | 10.4% | 45.8% | 43.8% |
| • Not make me feel welcome, ignored me? | 6.6% | 35.3% | 58.1% |

## Advertisements Should Market Homes

Consumers who have visited a new model house in the past six months indicated the top elements in real estate advertisements that they consider important. How do your ads stack up?

**Important elements of real estate ads**



# PRODUCTS

Two-thirds of all consumers definitely want or would like to have rounded corners on countertops to help prevent childhood injuries.

The products you select for the homes you build and sell are as important in the buying decision as the design of your homes and the marketing techniques you use. Very simply, products help sell homes by increasing the perceived value of the property in the eyes of the potential buyer.

A home with quality products and the products that consumers want is worth more to a prospective buyer. Getting that kind of message out to the public is what helps spell "sold."

Product selection, though, has become more complicated. Luxury items are no longer limited to the high-end custom home segment—many are deemed "necessary." What may have been considered an option industry-wide just a few years ago, buyers now expect as a standard feature.

For example, 10 years ago, 22% of buyers expected that a microwave oven would be included as a standard feature in kitchens. Today, 40% expect to see it as standard.

Products that offer convenience and easy maintenance are not just desirable—they are demanded. Here's a particularly telling statistic: In 1981, 52.8% of buyers said they would spend at least an additional $1000 at construction time to cut down on maintenance costs. Today, more than 80% would do the same.

New product features can give your homes a marketing edge. Child-safe features, such as the ones listed on these pages, are preferred not just by young couples with children, but by older couples with grandchildren.

And as the environment becomes the issue of the 1990s, builders must become more sensitive to "healthy home" features. While many builders have neglected this area of building in the past, more than half of buyers say that environmental factors are very important when purchasing a new home. Standard items or options will continue to play a significant role in how you build and what you sell. □

## Allowances Determine Products

**Builders standard allowances for items like lighting, plumbing fixtures, appliances and landscaping depend largely on whether the home is detached or attached. Large geographic differences also exist among builders.**

| Standard allowance for: | Detached | Attached |
|---|---|---|
| Lighting | $1837 | $862 |
| Plumbing fixtures | $3055 | $3029 |
| Appliances | $2362 | $1906 |
| Landscaping | $3332 | $2559 |

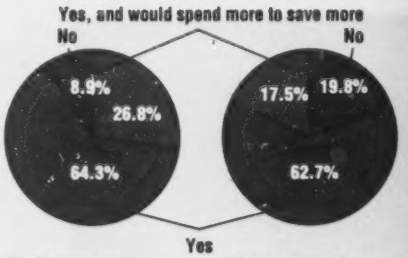
## How Smart Are Your Homes?

**Electronic and technological advances allow houses to increase their intelligence quota. The chart below shows which features that consumers definitely want to have or would like to have in their new homes.**

| Intelligent house features | All consumers | Avg. price will pay |
|---|---|---|
| Energy management | 74.3% | $1044 |
| Security | 68.5% | $1005 |
| Entertainment | 47.9% | $877 |
| Communications | 47.1% | $853 |
| Service/data | 37.2% | $802 |

## Spend More To Save More

**To save money in the long run, most buyers are willing to pay more upfront for energy efficient equipment and lowcost maintenance features.**




**Would you spend an extra $500 for energy-saving products to save $100 per year on heating and cooling costs?**

**Would you spend an extra $1000 on low-maintenance equipment to save $200 per year on maintenance?**

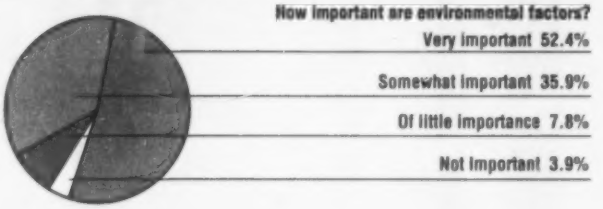
## How Safe Are Your Homes?

Buyers of all types and ages indicate that child safety features are important to them and the safety of their children, grandchildren and small visitors. The chart below indicates buyers by age group who definitely want or would like to have these features.

| Child safety features | All consumers |
|---|---|
| Spring-loaded locks on receptacles | 53.5% |
| Lowered handrail and matching safety gate | 47.6% |
| Rounded corners on countertops | 65.6% |
| Monitoring intercom | 37.5% |
| Anti-scald devices in faucets | 59.0% |

## How Healthy Are Your Homes?

The environment is the issue of the '90s and home building is no exception. More than half of home buyers indicate that environmental factors are very important to them when purchasing a new home. And the majority of home buyers desire minimum level or upgraded features to assure a "healthy home." Minimum level means dry basement, radon mitigation, no unvented appliances and humidity control. Upgraded package includes whole-house ventilation system filtration system and alternatives to potentially harmful building materials.




| | First-time buyers | Move-up buyers | Empty nesters | Re-tirees |
|---|---|---|---|---|
| Desire minimum level healthy home features | 83.2% | 78.1% | 86.0% | 87.9% |
| Median price willing to pay | $874 | $738 | $807 | $729 |
| Desire upgraded package | 73.5% | 68.4% | 83.3% | 78.4% |
| Median price willing to pay | $1554 | $1164 | $1538 | $1382 |

## Buyers Indicate What They Expect Standard

Kitchen and bathroom features play an important role in the overall impression of these significant rooms. Builders and consumers agree somewhat on what items should be standard. Bulleted items below indicate at least a 15 percentage point difference in opinion.

| Kitchen features | Consumers want | Builders offer |
|---|---|---|
| Range/oven | 89.5% | 88.5% |
| Dishwasher | 80.0% | 94.1% |
| Vinyl floor covering | 70.9% | 64.5% |
| Garbage disposal | 66.9% | 79.7% |
| Pantry | 66.2% | 61.6% |
| Self-cleaning oven | 63.2% | 61.1% |
| Stainless steel sink | 59.2% | 63.7% |
| • Refrigerator | 58.1% | 36.0% |
| • Single-handle faucet | 56.1% | 86.4% |
| • Two sinks | 54.8% | 35.2% |
| Fluorescent lighting | 52.4% | 42.7% |
| • Laminate plastic countertop | 48.9% | 69.3% |
| Microwave oven | 40.4% | 48.8% |
| Enamel/porcelain sink | 31.2% | 32.5% |
| Ceramic tile countertop | 29.6% | 20.5% |
| • Two-handle faucet | 29.5% | 7.2% |
| Ceramic tile floors | 19.5% | 22.1% |
| Trash compactor | 19.2% | 18.1% |
| Carpeted floor | 11.4% | 6.7% |
| Ceramic tile walls | 11.1% | 6.4% |

| Bathroom features | Consumers want | Builders offer |
|---|---|---|
| Exhaust fan | 86.8% | 93.6% |
| • Medicine cabinet | 85.4% | 53.7% |
| • Linen storage cabinets | 82.8% | 59.3% |
| Tub/shower door | 64.4% | 63.6% |
| • Safety features | 48.3% | 24.5% |
| Vanity with one bowl | 47.9% | 33.5% |
| • Ceramic tile walls | 47.4% | 30.1% |
| Ceramic tile floors | 44.9% | 43.1% |
| • Vanity with two bowls | 41.2% | 64.9% |
| Bathroom heater | 39.6% | 20.7% |
| Colored fixtures | 32.7% | 46.7% |
| White fixtures | 32.2% | 44.4% |
| Dressing area | 25.1% | 29.3% |
| • Mirrored wall | 22.9% | 73.9% |
| Compartmentalized bath | 20.0% | 21.0% |
| Skylight | 19.0% | 28.7% |
| Ceramic tile vanities | 19.0% | 14.9% |
| • Whirlpool | 12.2% | 34.3% |
| Bidet | 3.9% | 2.9% |
| Sauna | 3.7% | 1.1% |

Ten years ago, 30% of buyers expected a refrigerator as a standard kitchen feature. Today, 58% expect it.

## What Buyers Really Want?

It is the extra features that really make a house something special and give it a marketing edge. Many builders get a leg up on the competition by offering standard features that consumers are willing to pay extra for. This list of optional features shows what items consumers want and what features builders provide as standard.

| $100 to $300 Options | Consumers want | Builders offer |
|---|---|---|
| Energy-saving water heater | 68.9% | 70.0% |
| Smoke/fire alarm system | 65.0% | 81.0% |
| Ceiling fan | 60.2% | 48.8% |
| Built-in antenna/wall jacks | 52.6% | 59.8% |
| Self-cleaning oven | 52.5% | 67.8% |
| Outdoor lighting | 49.2% | 36.9% |
| Water-saving shower heads | 40.0% | 53.7% |
| Water-saving faucets | 36.6% | 47.4% |
| Clock-controlled thermostat | 30.2% | 20.9% |
| Closet organizers | 29.5% | 26.7% |
| Decorative exterior door | 25.7% | 59.2% |
| Exterior shutters | 24.5% | 51.2% |
| Gas outlet at fireplace | 21.7% | 28.7% |
| Sump pump | 20.5% | 25.1% |
| Patio grill | 18.9% | 1.7% |
| Interior shutters | 7.7% | 0.8% |

| $300 to $500 options | Consumers want | Builders offer |
|---|---|---|
| Garage door opener | 57.0% | 51.2% |
| Ceramic tile walls in bath | 40.3% | 31.4% |
| Storm door | 38.7% | 14.8% |
| Lawn sprinkling system | 38.0% | 17.9% |
| Microwave oven | 35.6% | 45.2% |
| Power attic ventilator | 35.0% | 15.4% |
| Built-in cabinets (not kitchen) | 34.5% | 28.4% |
| Oversize bathtub | 28.1% | 36.9% |
| Ceramic tile entry | 27.5% | 44.1% |
| Automatic humidifier | 25.7% | 11.3% |
| Patio privacy fence | 23.7% | 6.9% |
| Greenhouse/planter window | 20.7% | 9.1% |
| Electronic air filter | 18.8% | 8.5% |
| Wood sliding/patio door | 16.9% | 76.6% |

| $500 to $800 options | Consumers want | Builders offer |
|---|---|---|
| Paved driveway | 66.3% | 65.6% |
| Refrigerator | 54.9% | 27.5% |
| Patio decking | 38.4% | 50.7% |
| Skylights | 34.7% | 42.1% |
| Extra-large tub | 27.1% | 36.9% |
| Concrete patio | 23.8% | 49.3% |

| $800 to $1000 options | Consumers want | Builders offer |
|---|---|---|
| Upgraded carpeting | 59.7% | 32.5% |
| Double-glazed windows | 47.1% | 78.8% |
| Shelf system for closet | 36.2% | 43.3% |
| Patio roof | 24.2% | 9.1% |
| Water softener | 23.5% | 4.1% |
| Intercom system | 15.3% | 13.2% |

| $1000 to $1200 options | Consumers want | Builders offer |
|---|---|---|
| Zoned heating/cooling system | 64.0% | 39.7% |
| Laundry appliances | 58.2% | 11.8% |
| Central vacuum | 29.3% | 16.5% |
| Wet bar | 15.4% | 19.0% |
| European-style cabinets | 10.4% | 15.4% |

| $1200 to $1500 options | Consumers want | Builders offer |
|---|---|---|
| Yard fencing | 52.1% | 11.6% |
| Hardwood floors | 44.1% | 31.1% |
| Tub and separate shower | 45.5% | 52.1% |
| Solar water heating | 25.5% | 1.1% |
| Kitchen barbeque grill/top | 15.9% | 13.5% |

| $1500 to $2000 options | Consumers want | Builders offer |
|---|---|---|
| Air conditioning | 74.8% | 68.0% |
| Storm windows | 58.0% | 20.1% |
| Burglar/security system | 35.0% | 17.4% |
| Bay window | 31.9% | 32.8% |
| Front yard landscaping | 30.8% | 59.8% |
| Insulated basement walls | 30.0% | 30.3% |
| French doors | 23.0% | 34.4% |
| Whirlpool bath | 20.7% | 28.1% |
| Sauna | 6.4% | 1.1% |
| Bidet | 3.5% | 3.3% |

| $3000 to $6000 options | Consumers want | Builders offer |
|---|---|---|
| Fireplace | 78.2% | 69.1% |
| Hot tub | 24.5% | 2.5% |
| Additional powder room | 19.1% | 24.5% |

| $6000 to $12,000 options | Consumers want | Builders offer |
|---|---|---|
| Screened porch or Florida room | 56.3% | 6.8% |
| Complete landscaping | 56.1% | 56.7% |

| $12,000 to $20,000 options | Consumers want | Builders offer |
|---|---|---|
| Rec room in basement | 54.1% | 9.1% |
| Swimming pool | 53.7% | 3.8% |

# AD INDEX

This Ad Index page is provided as a service to advertisers. It is not a part of the advertiser's contractual service. Due to mechanical problems, this publication cannot assume responsibility for errors that may occur in the page listings or in the reader service numbers given.

For fast, free information on products and services advertised and featured in this issue, use the Reader's Service Card found in the back of this issue. For your convenience, the circle numbers of all advertisers are listed below. Select the proper circle numbers and circle them on the card. Complete the card as instructed, add postage and mail. To fax the card, write the correct circle numbers in the spaces provided. Send via the fax number listed. Cards will be serviced until March, 1991.

| For more information circle | Page | | For more information circle | Page | | For more information circle | Page | |
|---|---|---|---|---|---|---|---|---|
| American Hardboard Assoc. | 211 | 52 | Homasote Company | 204 | 49 | Pease Industries, Inc. | 81 | 30 |
| Andersen Corp. | 84-91,212-213 | 40 | Home Owners Warranty Corp. | 71 | 26 | Pittsburgh Corning Corp. | 130 | 32 |
| Aristokraft, Inc. | 228 | 80 | | | | Professional Builder & Remodeler Magazine | 203,217,218 | |
| Atlas Energy Products, Inc. | 58 | 21 | | | | | | |
| +Atrium Door & Window Co. | 170k | 63 | In-Sink-Erator Div., Emerson Electric Co. | 69 | 25 | | | |
| +Better Heating-Cooling Council | 170m | 64 | | | | Ralph Wilson Plastics Co., Inc. (WILSONART) | 221 | 56 |
| Boise Cascade | IFC | 1 | | | | Raynor Garage Doors | 1 | 2 |
| Bose | 151 | 36 | +Kitchen Distributors of America | 170o | 3,4 | Reemay | 22 | 10 |
| | | | Kohler Company | 19,63 | 9,23 | | | |
| Caradco, An Alcoa Co. | 8,55 | 6,20 | | | | | | |
| CertainTeed Corp. (Insulation) | 75 | 28 | | | | S & S Mills, Inc. | 25-27 | 11 |
| +CertainTeed Corp. (Roofing) | 170a | 59 | Louisiana-Pacific Corp. (Innerseal) | 10-11 | 7 | Scholz Master Builders, Inc | 140-142 | 33 |
| Chevrolet Truck | 2-3 | 65 | Lutron Electronics Co., Inc. | 161 | 39 | Senco Products, Inc. | IBC | 57 |
| Cincinnati Microwave Communications, Inc. | 170 | | | | | Sharp Electronics Corp. | 163 | 41 |
| Clairson International | 207 | 50 | | | | Sherwin Williams Co. | 42 | 18 |
| Classified Advertisements | 222-225 | | | | | Smart House Venture, Inc. | 37 | 13 |
| Computer Product Mart | 226 | | Marvin Windows | 40-41 | 15 | +Southern California Gas | 170f-g | 61 |
| Congoleum Corp. | 73 | 27 | Masco Corp. (Sponsored Supplement) | 131-154 | | Speed Queen | 216 | 54 |
| | | | Masco Corp. | 154 | 37 | Superior Fireplace | 20-21 | 66 |
| Delta Faucet Co., Div. of Masco Corp. | 149 | 35 | Masonite Corp. (Doors) | 31-36 | 12 | | | |
| | | | Masonite Corp. (Roofing) | 164 | 42 | +Temple-Inland Forest Products Corp. | 170c | 60 |
| Eagle Windows-Doors | 145 | 34 | Masonite Corp. (Siding) | 6-7 | 5 | | | |
| | | | Merillat Industries, Inc. | 153 | 55 | United States Gypsum Co. | 215 | 53 |
| Falcon Corp., Inc. | 165 | 43 | Moen Group. | 166-167 | 45 | | | |
| Forbes Wagon Creek Ranch | 83 | | National Exposition of Remodeling, Renovation & Restoration | 208-209 | 51 | | | |
| Fypon, Inc. | 168 | 46 | NordiTrack | 165 | | Valley Faucets | 157 | 38 |
| | | | +Northern Illinois Gas | 170i | 62 | Velux-America, Inc. | 15 | 8 |
| GMC Truck | 39 | 14 | Northern Illinois Gas | 67 | 24 | | | |
| General Electric Co. | 50 | 19 | NuTone Inc. | 169 | 48 | | | |
| Greater Chicagoland Housing Foundation (Sponsored Supplement) | 51-82 | | | | | Wayne Dalton Corp. | 77 | 29 |
| | | | | | | Weather Shield Mfg., Inc. | 171-202 | 70 |
| Greater Chicagoland Housing Foundation | 82 | 67 | Overhead Door | 46-47 | 18 | Wenco, Division of Jeld-Wen | 49 | 75 |
| | | | | | | Weslock | 45 | 17 |
| | | | | | | Whirlpool Corporation | 17 | |
| | | | PPG Industries (Olympic Stain) | 168-169 | 47 | | | |
| | | | Paslode Corp., an ITW Co. | 61 | 22 | York Spiral Stair | 165 | 44 |
| Heatilator Inc., HON Industries | BC | 58 | Peachtree Doors, Inc. | 128-129 | 31 | | | |

+Regional Advertising

## PROFESSIONAL BUILDER & REMODELER SALES OFFICES

**DES PLAINES, IL 60018-3358**
Cahners Plaza, 1350 E. Touhy Ave.
708/635-8800
Tim Kedzuch, Nat'l Sales Manager
Paul Gillen, District Mgr.
R. Blayne Long, District Mgr.
Joseph E. Modaff, District Mgr.
Patty Horn, District Mgr.
Cathy Keeler, Classified

**ATLANTA, GA 30339-2911**
6520 Powers Ferry Rd., Suite 395
404/955-6500
Jerry Felton, Reg. Gen. Mgr.
Peter Muller, District Mgr.

**CLEVELAND, OH**
Cahners Plaza
1350 E. Touhy Ave.
Des Plaines, IL 60018-3358
708/390-2954
Paul Gillen, District Mgr.

**DALLAS, TX**
Cahners Plaza
1350 E. Touhy Ave.
Des Plaines, IL 60018-3358
708/635-8800
R. Blayne Long, District Mgr.

**DENVER, CO**
18818 Teller Avenue, #170
Irvine, CA 92715-1615
714/851-9422
Mark Sheldon, District Mgr.

**ESSEX, CT 06426**
31 N. Main Street
P.O. Box 849
203/767-9034
Thomas R. Rylander, District Mgr.

**IRVINE, CA 92715-1615**
18818 Teller Avenue, #170
714/851-9422
Mark Sheldon, District Mgr.

**NEW YORK, NY**
203/767-9034
Thomas R. Rylander, District Mgr.
215/293-1212
Tom Earing, District Mgr.

**PITTSBURGH, PA**
31 N. Main Street
P.O. Box 849
Essex, CT 06426
203/767-9034
Thomas R. Rylander, District Mgr.

**PORTLAND, OR 97221-2533**
1750 Skyline Blvd., Box 6
503/297-3382
E. Patrick Dalen
Regional General Mgr.

**WAYNE, PA 19087-1749**
467 Devon Park Drive, Suite 206
215/293-1212
Tom Earing, District Mgr.

**WEST BLOOMFIELD, MI**
Cahners Plaza
1350 E. Touhy Ave.
Des Plaines, IL 60018-3358
708/390-2954
Paul Gillen, District Mgr.

Cahners Publishing Company, A Division of Reed Publishing USA ☐ Specialized Business Magazines for Building & Construction ☐ Research ☐ Technology ☐ Electronics ☐ Computing ☐ Printing ☐ Publishing ☐ Health Care ☐ Foodservice ☐ Packaging ☐ Environmental Engineering ☐ Manufacturing ☐ Entertainment ☐ Home Furnishings ☐ and Interior Design. Specialized Consumer Magazines for Child Care ☐ Boating ☐ and Wedding Planning.

PROFESSIONAL BUILDER & REMODELER (ISSN-0885-8020) Vol. 55, No. 21 is published monthly, except in January, March, April, June, July, September, and November when two issues are published and February, May and October when three issues are published in national, demographic and separate editions, by The Cahners Publishing Company, a Division of Reed Publishing USA, 275 Washington St., Newton, MA 02158-1630. Terrence M. McDermott, President; Charles E. Moodhe, Senior Vice President/General Manager; Jerry D. Neth, Senior Vice President/Publishing Operations; J.J. Walsh, Financial Senior Vice President/Magazine Division; Thomas J. Dellamaria, Senior Vice President/Production and Manufacturing; Ralph Knupp, Vice President/Human Resources. Circulation records are maintained at Cahners Publishing Company, 44 Cook St., Denver, CO 80206-5800. Phone: 303/388-4511. Second-class postage paid at Denver, CO 80206-5800 and additional mailing offices. Postmaster: Send address corrections to PROFESSIONAL BUILDER & REMODELER P.O. Box 173377, Denver, CO 80217-3377. The Post Office will not forward copies unless you pay the extra postage. We cannot replace lost copies. Please send a copy of the latest label when requesting address changes or adjustments. PROFESSIONAL BUILDER & REMODELER copyright 1990 by Reed Publishing USA; Ronald G. Segel, Chairman and Chief Executive Officer; Robert L. Krakoff, President and Chief Operating Officer; William M. Platt, Sr. Vice President. Annual subscription rates for non-qualified people: USA, one year $129.95, two years $219.95; Canada/Mexico, one year $169.95, two years $289.95; other countries, one year $185, two years $315. There will be a surcharge for Air Mail of $285.00 on one-year rates and a $515.00 surcharge on two-year rates. Except for special issues where price changes are indicated, single copies of regular issues are available for $15. Please address all subscription mail to Phil Claiborne, 44 Cook St., Denver, CO 80206. Address editorial and other mail to PROFESSIONAL BUILDER & REMODELER, Cahners Plaza, 1350 E. Touhy Ave., Des Plaines, IL 60018-3358. REPRINTS of articles are available in quantities of 500 or more. For a specific quotation, contact Katie Pyzak, Manager, Marketing Services, 1350 E. Touhy Ave., Des Plaines, IL 60017-5080; phone, 708/635-8800.

# INDICATORS

## Single-Family Starts Up In September

**A significant bright spot emerges from an otherwise disheartening report.**

Overall housing starts declined for the eighth month in September to 1.135 million units. Starts of apartments and condo units plunged, reflecting the difficult credit-market conditions faced by developers.

There was, however, some encouraging news. For the first time in seven months, starts of single-family homes turned up—sharply and convincingly.

Following August's 841,000 unit annualized rate—the lowest monthly rate since October 1982—September starts rose 4.3% to an annualized rate of 877,000 units.

One month's data does not a trend make, but the latest information provides some stability in the single-family sector. □

## Hottest U.S. Markets Into The Year 2000

The Commerce Department's Bureau of Economic Analysis released projections to the year 2000 of personal income, population and employment for all metro areas in the nation.

The BEA summary projects that a decade from now, 54 metro areas will have 1 million people or more. Areas projected to experience the fastest growth in population, employment and income are concentrated overwhelmingly in the South and West regions of the country. The slowest-growing areas are clustered in the Northeast and in the Great Lakes states.

Seven cities stand out as having the brightest prospects for builders and remodeling contractors: Phoenix; three areas in California (San Diego, Riverside, and Sacramento); and three others in Florida (West Palm Beach, Orlando, and Tampa). In addition to this "Magnificent Seven," Atlanta, Seattle, Jacksonville, Fort Lauderdale, Oakland, and Anaheim should enjoy excellent growth.

The four areas that had the highest per capita incomes in 1988—San Francisco, Bergen-Passaic and Middlesex-Hunterdon in N.J., and Long Island—should retain their high ranks in the year 2000. Two cities should have increases in per capita personal income exceeding 20% between the years 1988 and 2000: Oklahoma City and Nashville.

Two metro areas could generate more than one-half-million new jobs over the next 10 years: Los Angeles and Washington, D.C. The slowest-growing areas—New Orleans and New York—should see only 6% more jobs. □

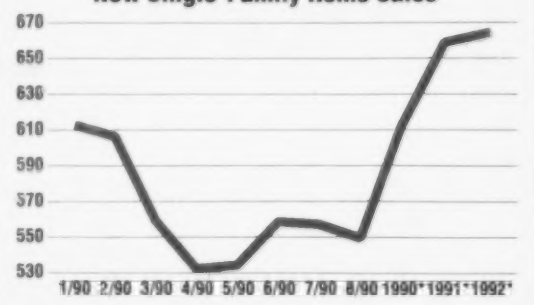
### PB&R Leading Indicator

*Broken line denotes forecast. Leading Indicator of Housing predicts short-term changes in residential construction over approximately the next quarter. Latest figure is based on December data and includes the Standard and Poor's h-b stock index, 90 day T-bills, bank reserves, consumer confidence index and the ratio of homes for sale to those sold. Prepared exclusively for PB&R by Cahners Economics.*

### Regional Market Conditions
(Year-to-Date Trends)

| | S-F Home Permit $ | Average S-F Permit Value | Remodeling Permit $ | Employment Change |
|---|---|---|---|---|
| Albany | -20.1% | $101,385 | +6.4% | +1.9% |
| Newark | -21.8% | $126,368 | +4.3% | +1.2% |
| Miami | -34.3% | $80,961 | -4.7% | +3.9% |
| Louisville | +12.2% | $87,881 | +9.9% | +2.9% |
| Houston | +19.9% | $103,888 | -8.3% | +3.1% |
| Detroit | -4.3% | $95,014 | +5.3% | -0.3% |
| St. Louis | -6.2% | $86,915 | +3.7% | +0.9% |
| Las Vegas | +20.3% | $76,348 | +42.1% | +9.2% |
| Sacramento | +10.9% | $127,918 | +28.2% | +3.8% |

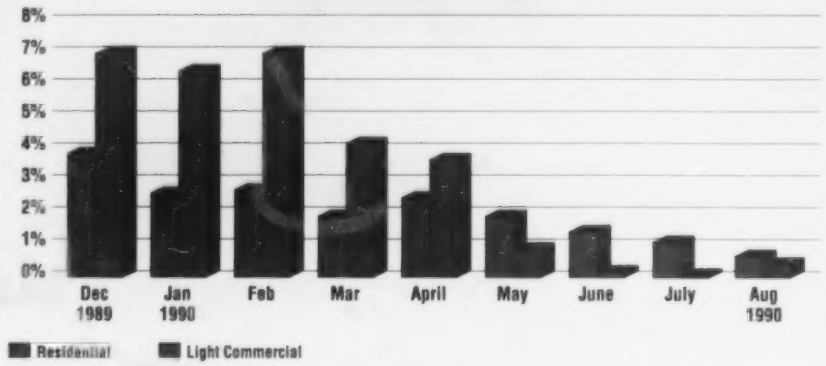
### New Single-Family Home Sales




Data reflects seasonally adjusted annualized rates, in thousands.
Source: U.S. Department of Commerce; forecast by Cahners Economics.

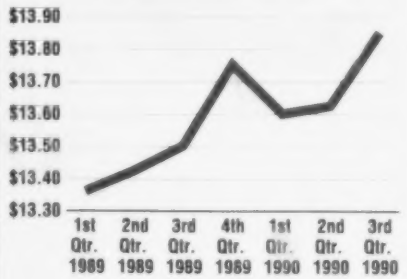
# INDICATORS

## Remodeling Permit Trends: Residential & Light Commercial



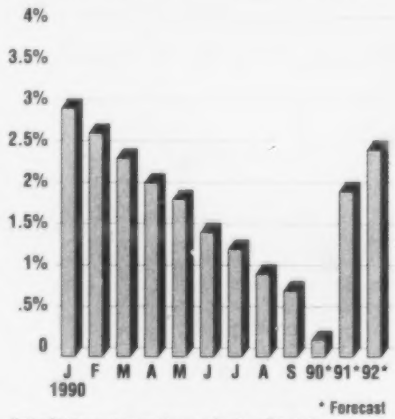

Data reflects percentage change in 12-month moving totals. Source: U.S. Department of Commerce; forecast by Cahners Economics

## Average Hourly Earnings For Construction Workers




Source: U.S. Department of Commerce.

## Construction Materials Prices




Data reflects over-the-year change in Producer Price Index.
Source: U.S. Department of Labor; forecast by Cahners Economics

## Sales Prices Of New Single-Family Homes

Source: U.S. Department of Commerce; forecast by Cahners Economics.

## Key Trends At A Glance

| | Sept 1990 | Dec 1989 |
|---|---|---|
| Housing starts (SAAR) | 1,135,000 | 1,273,000 |
| New home sales (SAAR) | 550,000 | 633,000 |
| Median new home price | $120,200 | $125,200 |
| Fixed-rate mortgages | 10.18% | 9.74% |
| Remodeling permit trend | +2.60% | +4.80% |
| Construction wage trend | +3.30% | +4.00% |
| Consumer confidence (1985=100) | 84.7 | 113.0 |

## Multifamily Construction Weakens Further

The sickly multifamily housing market continued to contract through the first three quarters of 1990. Total new starts in buildings with five units or more totaled only 209,100 units through the first nine months of 1990. That's 15% below the already slow pace set during the January-September period of 1989.

Over the last year, the number of new apartments completed has declined by 21.1%, while condominium completions fell 6.4%.

On the positive side, there are unmistakable signs that the current excess supply of rental units is being slowly absorbed by market demand and that a better balance has been struck between current demand and new production.

During this year's second quarter the national rental vacancy rate fell to 7.0%, down from 7.4% in the second quarter of last year and far below the 8.1% peak recorded during the third quarter of 1989.

Cahners Economics sees the downward spiral coming to an end by early 1991. Total starts in buildings with five units or more should total about 266,000 units this year, down more than 16% from the 1989 total. We expect to see a modest increase to 272,000 units in 1991 and to 284,000 units in 1992. We expect total inflation-adjusted spending on multifamily housing to turn up again in 1991-92, with annual increases averaging about 4%. □

# NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, Pgs: 4, 5, 14, 15, 18,

314